

AMENDED IN SENATE APRIL 21, 2016

AMENDED IN SENATE APRIL 14, 2016

SENATE BILL

No. 1471

Introduced by Senator Hernandez

February 19, 2016

An act to amend Sections 1341.45, 128551, and 128552 ~~of, and to add Section 128555.5 to, of~~ the Health and Safety Code, relating to health professions development.

LEGISLATIVE COUNSEL'S DIGEST

SB 1471, as amended, Hernandez. Health professions development: loan repayment.

Existing law establishes the Steven M. Thompson Physician Corps Loan Repayment Program in the California Physician Corps Program within the Health Professions Education Foundation, which provides financial incentives, including repayment of educational loans, to a physician and surgeon who practices in a medically underserved area, ~~as defined.~~ *defined, and who is trained in, and practices, in certain practice settings or primary specialties, as defined. Existing law authorizes the selection committee to fill up to 20% of the available positions with program applicants from specialties outside of the primary specialties, including psychiatry.* Existing law establishes the Medically Underserved Account for Physicians, a continuously appropriated account, within the Health Professions Education Fund that is managed by the Health Professions Education Foundation and the Office of Statewide Health Planning and Development, to primarily provide funding for the ongoing operations of the Steven M. Thompson Physician Corps Loan Repayment Program.

Existing law, the Knox-Keene Health Care Service Plan Act of 1975, provides for the licensure and regulation of health care service plans by the Department of Managed Health Care and imposes certain requirements on health care service plans. Existing law imposes various fines and administrative penalties on health care service plans for certain violations of the act, which are deposited into the Managed Care Administrative Fines and Penalties Fund. Existing law requires the first \$1,000,000 in the fund to be transferred each year to the Medically Underserved Account for Physicians and to be used, upon appropriation by the Legislature, for purposes of the Steven M. Thompson Physician Corps Loan Repayment Program. Existing law requires all remaining funds to be transferred each year to the Major Risk Medical Insurance Fund and to be used, upon appropriation by the Legislature, for purposes of the Major Risk Medical Insurance Program.

~~This bill would expand the eligibility for loan repayment funds under the Steven M. Thompson Physician Corps Loan Repayment Program to include those physicians providing psychiatric services. The bill would provide that continuously appropriated funds deposited into the Medically Underserved Account for Physicians shall not be made available under the Steven M. Thompson Physician Corps Loan Repayment Program to fund the repayment of loans for those physicians providing psychiatric services or those physicians whose primary specialty is psychiatry, as specified.~~

The bill would instead require, after the first \$1,000,000 is transferred from the Managed Care Administrative Fines and Penalties Fund to the Medically Underserved Account for Physicians, \$1,000,000 to be transferred each year to the Major Risk Medical Insurance Fund to be used, upon appropriation by the Legislature, for the Major Risk Medical Insurance Program. The bill would require any amount remaining over the amounts transferred to the Medically Underserved Account for Physicians and the Major Risk Medical Insurance Fund to be transferred each year to the Medically Underserved Account for Physicians to be used, upon appropriation by the Legislature, for the Steven M. Thompson Physician Corps Loan Repayment Program, and provide that one-half of these moneys ~~are to be used~~ *may be prioritized* to fund the repayment of loans for those ~~physicians providing psychiatric services or those physicians whose primary specialty is psychiatry~~ *program applicants who are trained in, and practice, psychiatry*, under the Steven M. Thompson Physician Corps Loan Repayment Program.

The bill would also delete a reference to an obsolete program and make other technical, nonsubstantive changes.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 1341.45 of the Health and Safety Code
2 is amended to read:

3 1341.45. (a) There is hereby created in the State Treasury the
4 Managed Care Administrative Fines and Penalties Fund.

5 (b) The fines and administrative penalties collected pursuant to
6 this chapter, on and after September 30, 2008, shall be deposited
7 into the Managed Care Administrative Fines and Penalties Fund.

8 (c) The fines and administrative penalties deposited into the
9 Managed Care Administrative Fines and Penalties Fund shall be
10 transferred by the department, annually, as follows:

11 (1) The first one million dollars (\$1,000,000) shall be transferred
12 to the Medically Underserved Account for Physicians within the
13 Health Professions Education Fund and shall, upon appropriation
14 by the Legislature, be used for the purposes of the Steven M.
15 Thompson Physician Corps Loan Repayment Program, as specified
16 in Article 5 (commencing with Section 128550) of Chapter 5 of
17 Part 3 of Division 107 and, notwithstanding Section 128555, shall
18 not be used to provide funding for the Physician Volunteer
19 Program.

20 (2) Until January 1, 2017, any amount over the first one million
21 dollars (\$1,000,000), including accrued interest, in the fund shall
22 be transferred to the Major Risk Medical Insurance Fund continued
23 pursuant to Section 15893 of the Welfare and Institutions Code
24 and shall, upon appropriation by the Legislature, be used for the
25 Major Risk Medical Insurance Program for the purposes specified
26 in Section 15894 of the Welfare and Institutions Code.

27 (3) On and after January 1, 2017, and annually thereafter, the
28 second one million dollars (\$1,000,000) shall be transferred to the
29 Major Risk Medical Insurance Fund continued pursuant to Section
30 15893 of the Welfare and Institutions Code and shall, upon
31 appropriation by the Legislature, be used for the Major Risk
32 Medical Insurance Program for the purposes specified in Section
33 15894 of the Welfare and Institutions Code.

(4) (A) On and after January 1, 2017 any amount over the first two million dollars (\$2,000,000), including accrued interest, in the fund shall be transferred to the Medically Underserved Account for Physicians within the Health Professions Education Fund and shall, upon appropriation by the Legislature, and subject to subparagraph (B), be used for the purposes of the Steven M. Thompson Physician Corps Loan Repayment Program, as specified in Article 5 (commencing with Section 128550) of Chapter 5 of Part 3 of Division 107 and, notwithstanding Section 128555, shall not be used to provide funding for the Physician Volunteer Program.

(B) ~~One-half~~ *Up to one-half* of the moneys deposited into the Medically Underserved Account for Physicians within the Health Professions Education Fund under this paragraph ~~shall, upon appropriation by the Legislature, be used~~ *may be prioritized* to fund the repayment of ~~loans~~ *loans pursuant to paragraph (2) of subdivision (d) of Section 128553* for those ~~physicians providing psychiatric services or those physicians whose primary specialty is psychiatry~~ *program applicants who are trained in, and practice, psychiatry*, under the Steven M. Thompson Physician Corps Loan Repayment Program, as specified in Article 5 (commencing with Section 128550) of Chapter 5 of Part 3 of Division ~~107~~ *107*.

(d) Notwithstanding subdivision (b) of Section 1356 and Section 1356.1, the fines and administrative penalties authorized pursuant to this chapter shall not be used to reduce the assessments imposed on health care service plans pursuant to Section 1356.

SEC. 2. Section 128551 of the Health and Safety Code is amended to read:

128551. (a) It is the intent of this article that the Health Professions Education Foundation and the office provide the ongoing program management of the two programs identified in subdivision (b) of Section 128550 as a part of the California Physician Corps Program.

(b) For purposes of subdivision (a), the foundation shall consult with the Medical Board of California, Office of Statewide Health Planning and Development, and shall establish and consult with an advisory committee of not more than seven members, that shall include two members recommended by the California Medical Association and may include other members of the medical

1 community, including ethnic representatives, medical schools,
2 health advocates representing ethnic communities, primary care
3 clinics, public hospitals, and health systems, statewide agencies
4 administering state and federally funded programs targeting
5 underserved communities, and members of the public with
6 expertise in health care issues.

7 SEC. 3. Section 128552 of the Health and Safety Code is
8 amended to read:

9 128552. For purposes of this article, the following definitions
10 shall apply:

11 (a) “Account” means the Medically Underserved Account for
12 Physicians established within the Health Professions Education
13 Fund pursuant to this article.

14 (b) “Foundation” means the Health Professions Education
15 Foundation.

16 (c) “Fund” means the Health Professions Education Fund.

17 (d) “Medi-Cal threshold languages” means primary languages
18 spoken by limited-English-proficient (LEP) population groups
19 meeting a numeric threshold of 3,000, eligible LEP Medi-Cal
20 beneficiaries residing in a county, 1,000 Medi-Cal eligible LEP
21 beneficiaries residing in a single ZIP Code, or 1,500 LEP Medi-Cal
22 beneficiaries residing in two contiguous ZIP Codes.

23 (e) “Medically underserved area” means an area defined as a
24 health professional shortage area in Part 5 (commencing with
25 Section 5.1) of Subchapter A of Chapter 1 of Title 42 of the Code
26 of Federal Regulations or an area of the state where unmet priority
27 needs for physicians exist as determined by the California
28 Healthcare Workforce Policy Commission pursuant to Section
29 128225.

30 (f) “Medically underserved population” means the Medi-Cal
31 program and uninsured populations.

32 (g) “Office” means the Office of Statewide Health Planning and
33 Development (OSHPD).

34 (h) “Physician Volunteer Program” means the Physician
35 Volunteer Registry Program established by the Medical Board of
36 California.

37 (i) “Practice setting,” for the purposes of this article only, means
38 either of the following:

39 (1) A community clinic as defined in subdivision (a) of Section
40 1204 and subdivision (c) of Section 1206, a clinic owned or

1 operated by a public hospital and health system, or a clinic owned
2 and operated by a hospital that maintains the primary contract with
3 a county government to fulfill the county's role pursuant to Section
4 17000 of the Welfare and Institutions Code, which is located in a
5 medically underserved area and at least 50 percent of whose
6 patients are from a medically underserved population.

7 (2) A physician owned and operated medical practice setting
8 that provides primary care ~~or psychiatric services~~ located in a
9 medically underserved area and has a minimum of 50 percent of
10 patients who are uninsured, Medi-Cal beneficiaries, or beneficiaries
11 of another publicly funded program that serves patients who earn
12 less than 250 percent of the federal poverty level.

13 (j) "Primary specialty" means family practice, internal medicine,
14 pediatrics, ~~psychiatry~~, or obstetrics/gynecology.

15 (k) "Program" means the Steven M. Thompson Physician Corps
16 Loan Repayment Program.

17 (l) "Selection committee" means a minimum three-member
18 committee of the board, that includes a member that was appointed
19 by the Medical Board of California.

20 ~~SEC. 4. Section 128555.5 is added to the Health and Safety~~
21 ~~Code, to read:~~

22 ~~128555.5. Notwithstanding subdivision (e) of Section 128555,~~
23 ~~funds deposited into the Medically Underserved Account for~~
24 ~~Physicians shall not be made available to fund the repayment of~~
25 ~~loans under the Steven M. Thompson Physician Corps Loan~~
26 ~~Repayment Program for those physicians providing psychiatric~~
27 ~~services or those physicians whose primary specialty is psychiatry,~~
28 ~~except as provided in subparagraph (B) of paragraph (4) of~~
29 ~~subdivision (e) of Section 1341.45.~~